



# Evergreen School District

*From strong roots grow bright futures*

**Budget Advisory Committee Meeting**

**2015-16 Adopted Budget**

**June 17, 2015**

# 2015-16 Education May revision

## January Budget vs. May Revision

Item	January Budget	May Revision
<b>LCFF Gap Funding Percentage</b>	<b>32.19%</b>	<b>53.08%</b>
<b>2015-16 COLA</b>	<b>1.58%</b>	<b>1.02%</b>
<b>One-time Discretionary Funds for 2015-16</b>	<b>\$1.1 billion \$180 per ADA</b>	<b>\$3.5 billion \$601 per ADA</b>



# Implications for Education Funding

- The Administration's economic forecast assumes "steady growth over the next four years" with no recession
  - However, the May Revision warns that the current economic expansion has already exceeded the average postwar expansion by over a year
  - The Governor stated that "a recession is coming, we just don't know when"
- Slow to no growth in the income tax and the sales tax, which together account for 90% of General Fund revenues, will slow LCFF funding significantly as Proposition 30 revenues fade
- If a recession occurs during the same period that Proposition 30 taxes expire, state revenues could drop below prior-year levels, and cuts to education could be on the table again



# Major Revenue Assumptions

## Based on May Governor's budget revision

- Department of Finance funding GAP for LCFF projection:
  - 2015-16 at 53.08%
  - 2016-17 at 37.4%
  - 2017-18 at 36.7%
- LCFF average revenue per ADA for Evergreen
  - 2015-16 \$7,553
  - 2016-17 \$7,866
  - 2017-18 \$8,136
- One time discretionary funds \$601 per ADA; estimated \$7.2 M revenue in 2015-16\*
- No transfer of GASB 45 funds in 2016-17

\* Part of the fund will be restricted for teacher development- based on June 16, 2015 budget deal.



# Major Expenditure Assumptions

- Declined enrollment based on demographer's December 2014 enrollment projection report
  - 2015-16 reduce 325 students; reduce 291 ADA; reduce 13 teachers
  - 2016-17 reduce 345 students; reduce 337 ADA; reduce 14 teachers
  - 2017-18 reduce 290 students; reduce 283 ADA; reduce 12 teachers
- \$1.2 M step/column salary increases for all groups
- \$345,145 savings from 9 teacher retirements annually in future years
- \$211,088 savings from leaves/resignations
- Salary levels status quo (subject to negotiation)
- Health benefits with 0% cost increase in 2015-16; 5.12% cost increase projected in 2016-17 & 2017-18
- 3% required contribution for Maintenance Program starting 2015-16

# Major Expenditure Assumptions

- Add 0.4 FTE Prep Time teacher \$47,230
- Increase SEAT hours from 100 hours to 125 hours \$21,357
- Adjust phone cost due to E-Rate \$75,000
- Add 1.625 FTE for custodial services \$198,965
- Adjust substitute teacher daily rate \$107,022
- Add 3 FTE middle school counselors \$354,226
- Proportionality requirement met, spend supplemental grant for students in need. Expenditures budgeted under Supplemental grant 1590, 1591, 1592, 1593, 1594, 1595 and 1596
  - 2015-16 \$7,120,068
  - 2016-17 \$7,523,977
  - 2017-18 \$7,732,097
- Increase retirement contributions for STRS and PERS

Years	STRS Rate	\$ increase from 2014-15	PERS rate	\$ increase from 2014-15
2014-15	8.88%		11.77%	
2015-16	10.73%	\$1,040,385	11.847%	\$8,455
2016-17	12.58%	\$2,080,770	13.05%	\$112,889
2017-18	14.43%	3,121,156	16.60%	\$530,936
<b>3 year total</b>		<b>\$6,242,311</b>		<b>\$652,280</b>

# Recap of Major Factors

	April 2015 Projection	May 2015 Revision	Difference	April 2015 Projection	May 2015 Revision	Difference	April 2015 Projection	May 2015 Revision	Difference
	<b>COLA</b>			<b>Funding GAP</b>			<b>District Enrollment</b>		
2014-15	0.85%	0.85%	0.00%	29.15%	29.97%	0.82%	12,850	12,857	7
2015-16	1.58%	1.02%	-0.56%	32.19%	53.08%	20.89%	12,536	12,536	0
2016-17	2.17%	1.60%	-0.57%	23.71%	37.40%	13.69%	12,191	12,191	0
2017-18	2.43%	2.48%	0.05%	26.43%	36.74%	10.31%	11,901	11,901	0
	<b>LCFF Supplemental Grant Funding</b>			<b>LCFF Entitlement PER ADA</b>			<b>Total LCFF Revenue</b>		
2014-15	\$5,717,528	\$5,717,528	0	\$6,756	\$6,757	1	\$87,540,256	\$87,540,256	0
2015-16	\$6,572,664	\$7,120,068	547,404	\$7,261	\$7,553	292	\$91,649,579	\$95,200,295	3,550,716
2016-17	\$6,975,423	\$7,523,977	548,554	\$7,559	\$7,866	307	\$93,209,441	\$97,001,099	3,791,658
2017-18	\$7,293,147	\$7,732,097	438,950	\$7,866	\$8,136	270	\$94,336,769	\$97,581,981	3,245,212
	<b>Discretionary Funds - One Time</b>								
2014-15	\$828,285	\$828,285	0						
2015-16	\$2,252,520	\$7,252,520	5,000,000						
2016-17	\$0	\$0	0						
2017-18	\$0	\$0	0						



# Reserves Requirements

If combined assigned and unassigned ending fund balance in excess of the minimum reserve requirement, SB 858 and Ed Code 42127 requires the following with 2015-16 budget adoption:

- Identify minimum reserve level
- Identify amount in excess of the minimum
- Statement that substantiates the need for the excess

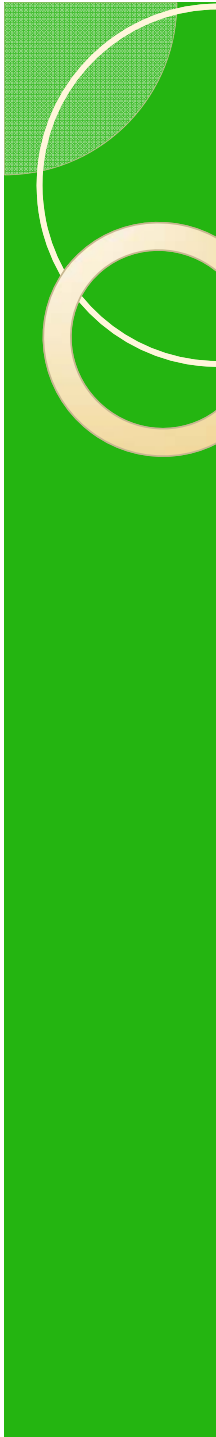




## Detail of 2015-16 Reserve

- Recommend set aside \$3M as committed funds to pay for instructional material adoptions - language arts and science textbook adoptions – and technology
- 3% required minimum reserve is \$3,225,367
- The amount in excess of minimum reserve is \$9,304,612 is needed due to the following:
  - Union contract negotiations
  - PERS/STRS contribution rate increase
  - Projected future enrollment decline
  - District on-going structural deficit spending
  - Maintain 3 years projected minimum 3% reserve requirement

5/19/2015	2013-14	2014-15	2015-16	2016-17	2017-18
	ACTUAL	BUDGET	BUDGET	BUDGET	BUDGET
TOTAL REVENUES	\$96,293,209	\$102,130,628	\$114,656,768	\$109,205,278	\$109,807,309
TOTAL EXPENDITURES	99,061,983	104,582,240	107,512,217	109,379,662	111,865,377
SURPLUS(DEFICIT)	(\$2,768,775)	(\$2,451,612)	\$7,144,551	(\$174,384)	(\$2,058,068)
BEGINNING BALANCE					
UNRESTRICTED	\$15,860,129	\$11,946,220	\$9,530,489	\$16,783,978	\$15,930,817
RESTRICTED	\$2,527,286	\$3,672,420	\$3,636,539	\$3,527,602	\$4,206,379
ENDING BALANCE	\$15,618,641	\$13,167,029	\$20,311,579	\$20,137,195	\$18,079,127
COMPONENTS OF ENDING BALANCE					
<b>A) NONSPENDABLE</b>					
1 REVOLVING CASH	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
2 STORES	46,767	46,767	46,767	46,767	46,767
3 PREPAID EXPENDITURES	1,192,232	1,192,232	1,192,232	1,192,232	1,192,232
<b>B) RESTRICTED</b>					
MAIN. RESERVES	58,121	305,129	631,771	955,442	1,299,666
RESTRICTED	3,614,300	3,331,411	2,895,831	3,250,937	3,596,579
<b>C) COMMITTED</b>					
STABILIZATION ARRANGEMENTS	0	0	0	0	0
OTHER COMMITMENTS	0	0	3,000,000	3,000,000	3,000,000
<b>D) ASSIGNED</b>					
OTHER ASSIGNMENTS	0	0	0	0	0
<b>E) UNASSIGNED/UNAPPROPRIATED</b>					
RESERVE FOR ECO. UNCERTAINTIES	2,971,860	3,137,467	3,225,367	3,281,390	3,355,961
UNASSIGNED/UNAPPROPRIATED	7,720,362	5,139,023	9,304,612	8,395,428	5,572,923
	\$15,618,640	\$13,167,029	\$20,311,579	\$20,137,195	\$18,079,127
UNRESTRICTED (DEFICIT)/SURPLUS	(\$3,913,909)	(\$2,415,731)	\$7,253,488	(\$853,161)	(\$2,747,933)
% of AVAILABLE RESERVE	10.79%	7.91%	11.65%	10.68%	7.98%



Evergreen School District														
Financial Recap														
YEAR	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Projection	Projection	Projection
<b>A. Revenues</b>														
1) Revenue Limit Sources	60,881,675	64,527,971	69,891,447	71,870,595	70,457,327	61,849,215	65,800,201	65,680,254	65,950,416	80,979,112	87,540,256	95,200,295	97,001,099	97,581,981
2) Federal Revenue	3,854,796	3,846,332	3,776,868	3,855,649	8,877,375	7,116,819	5,145,024	6,650,310	4,269,744	4,520,820	4,942,866	4,470,747	4,470,047	4,470,202
3) Other State Revenue	12,998,467	15,549,111	18,608,882	16,964,989	16,593,745	16,671,795	14,411,194	14,956,497	14,998,468	6,578,953	4,501,807	10,945,221	3,673,441	3,673,441
4) Other Local Revenue	3,306,250	4,083,776	4,075,438	5,140,467	5,209,192	6,642,159	6,583,246	7,016,772	5,917,167	4,214,324	5,145,699	4,040,505	4,060,691	4,081,685
5) Total Revenues	81,041,188	88,007,190	96,352,635	97,831,700	101,137,639	92,279,988	91,939,665	94,303,833	91,135,796	96,293,209	102,130,628	114,656,768	109,205,278	109,807,309
<b>B. Expenditures</b>														
1) Certificated Salaries	46,679,579	48,574,119	51,772,545	54,487,122	55,131,281	55,133,243	52,495,269	52,822,284	53,218,846	54,619,110	56,493,059	57,791,132	57,986,620	58,464,376
2) Classified Salaries	8,989,410	9,137,076	9,748,493	10,023,210	9,832,329	9,978,558	9,131,542	9,011,189	8,828,896	9,138,583	10,315,640	10,352,703	10,352,703	10,352,703
3) Employee Benefits	18,275,924	19,830,944	21,114,358	20,220,402	21,879,845	22,805,209	21,899,771	23,347,113	23,475,316	23,508,581	25,092,198	26,235,618	28,081,406	30,003,600
4) Books and Supplies	3,329,363	3,028,453	2,975,809	4,892,458	3,420,175	4,368,894	2,423,882	3,168,657	3,491,183	3,830,689	4,656,985	4,860,901	4,283,786	4,149,730
5) Services/Other Operating Exp	4,443,596	4,750,297	5,821,196	6,062,450	5,618,584	5,229,419	5,649,966	5,700,347	6,574,501	7,514,028	7,689,932	7,937,438	8,325,576	8,529,644
6) Capital Outlay	18,425	5,293	56,617	124,506	78,080	24,756	41,056	49,633	102,679	102,676				
7) Other Outgo (excluding Transfers of Indirect/Direct Support Costs)	897,640	862,142	522,042	344,540	355,242	420,127	114,060	238,898	475,209	474,977	439,076	439,076	454,220	469,971
8) Transfer of Indirect/Direct Support Costs	0	0	0	(36,055)	(104,650)	(110,914)	(84,483)	(114,536)	(125,741)	(121,660)	(104,650)	(104,650)	(104,650)	(104,650)
9) Other Outgo														
Total Expenditures	82,633,938	86,188,324	92,011,060	96,118,634	96,210,885	97,849,292	91,671,064	94,223,585	96,040,889	99,061,983	104,582,240	107,512,218	109,379,661	111,865,374
Deficit/Surplus	(1,592,749)	1,818,866	4,341,576	1,713,066	4,926,754	(5,569,304)	268,601	80,248	(4,905,093)	(2,768,774)	(2,451,612)	7,144,550	(174,383)	(2,058,065)
Transfer Out	0	0	1,057,690	1,283,119	0	0	0	0	0	0	0	0	0	0
Transfer In	3,800,000	2,415,336	0	330,394	447,149	4,289,173	950,000	0	0	0	0	0	0	0
Net Increase/Decrease	2,207,251	4,234,202	3,283,886	760,342	5,373,903	(1,280,131)	1,218,601	80,248	(4,905,093)	(2,768,774)	(2,451,612)	7,144,550	(174,383)	(2,058,065)
Beginning Balance	7,597,079	10,162,808	14,397,010	17,680,896	18,441,237	23,273,789	21,993,659	23,212,260	23,292,508	18,387,415	15,618,641	13,167,029	20,311,579	20,137,196
Restatements	358,478	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	10,162,808	14,397,010	17,680,896	18,441,237	23,815,140	21,993,659	23,212,260	23,292,508	18,387,415	15,618,641	13,167,029	20,311,579	20,137,196	18,079,131
<b>Components of Ending Balance</b>														
A) Nonspendable														
Revolving Cash	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Stores	90,877	77,093	50,740	39,642	37,071	29,231	54,696	70,160	57,888	46,767	46,767	46,767	46,767	46,767
Prepaid Exp.	1,042,340	966,402	560,364	544,911	588,637	677,686	1,099,413	1,110,290	1,191,521	1,192,232	1,192,232	1,192,232	1,192,232	1,192,232
B) Restricted Amount	1,732,229	4,197,604	7,256,976	5,628,366	7,409,895	2,936,545	1,246,114	2,292,134	2,527,286	3,672,421	3,636,540	3,527,603	4,206,382	4,896,247
C) Committed Amount												3,000,000	3,000,000	3,000,000
D) Assigned	83,401	121,775	172,154	518,118	487,022	726,222	1,143,447	668,573	431,299					
E) Unassigned/Unappropriated	7,198,961	9,019,136	9,625,662	11,695,200	15,277,515	17,608,975	19,653,590	19,136,351	14,164,421	10,692,221	8,276,490	12,529,977	11,676,815	8,928,885
Total Ending Balance	10,162,808	14,397,010	17,680,896	18,441,237	23,815,140	21,993,659	23,212,260	23,292,508	18,387,415	15,618,641	13,167,029	20,311,579	20,137,196	18,079,131
% of Reserve	8.71%	10.46%	10.46%	12.17%	15.88%	18.00%	21.44%	20.31%	14.75%	10.79%	7.91%	11.65%	10.68%	7.98%



# Next Steps

- State level
  - The Legislature passed a budget on June 15
- Local level
  - Board reviews and adopts LCAP and Budget on June 18